GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:2406
ANSWERED ON:13.03.2001
TASK FORCE ON FERTILIZER INDUSTRY
BHAWANA GAWALI (PATIL);CHINTAMAN NAVSHA WANAGA

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Task Force constituted under the Chairmanship of Secretary, Department of Fertilizers has submitted its report;

(b) if so the details thereof including the names of Members alongwith its terms of reference;

(c) whether the recommendations of the Task Force have since been implemented;

(d) if so, the details thereof;

(e) whether the production of nitrogenous fertiliser, based on coal, is also one of the recommendations;

(f) if so, the details thereof;

(g) whether the domestic fertiliser industry has been adversely affected as a result of the agreements with World Trade Organisation in view of the policy of Economic liberalization; and

(h) if so, the measures taken by the Government to protect the domestic fertiliser industry?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) & (b):Government have constituted a Task Force under the Chairmanship of Secretary, Department of Fertilizers consisting of the representatives of Ministry of Science & Technology, Ministry of Coal, Ministry of Power, Fertilizer Association of India, Council of Scientific and Industrial Research, Projects & Development India Ltd. etc tœxplore the possibility of coal based technology for fertilizer sector.

The terms of reference of the Task Force include exploring the possibility of using coal and coal bed methane for use in fertilizer sector, formulation of policy and action plan for development of coal based capacity addition and to examine the incentives required for development of R&D and possibility of creating a fund for financing R&D activities of coal based technology.

(c) to (f) The Task Force is yet to submit its report.

(g) & (h) The liberalization in Fertilizer Sector began in 1992-93 when potassic and phosphaticfertilizers were decontrolled and their imports were de-canalized on 17.9.1992. Since then, quantitative restrictions have been removed on several other fertilizers and there have been no reports of adverse impact so far on the indigenous fertilizer industry on this account. However, India had committed a bound tariff rate of 5% on DAP in 1979. This bound rate cannot be increased unilaterally. The Government indicates the Maximum Retail Price (MRP) and determine rates of concession for indigenous and imported DAPunder the Concession Scheme. A higher rate of concession is provided to the domestic industry as it suffers a handicap on account of no availability of raw materials. At present, urea is the only fertilizer which is under statutory price, movement and distribution control and of which imports are made on Government account to bridge the gap between requirement and indigenous availability.

The quantitative restrictions on urea will have to be lifted by 1.4.2001. The removal of quantitative restriction on urea will have certain implications as it is a controlled fertilizers and its imports are currently made on Government account. Therefore, the Government had set up a Task Force to recommend, inter alia, the bound rate on urea which is an unbound item. The recommendations of the Task Force will form the basis of further action by the Government including, inter alia, imposition of tariff on imports of fertilizers and/or such other measures as are necessary.